

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 — 0 0 2

2. STATE:

TENNESSEE

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447

7. FEDERAL BUDGET IMPACT:

a. FFY 2001/2002 \$ 210,000,000

b. FFY 2002/2003 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D pages 4a of 13
and 12a of 13.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19D pages 4a of 13
and 12a of 13.

10. SUBJECT OF AMENDMENT:

Methods and Standards for Establishing Payment Rates - Nursing Facilities.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mark E. Reynolds

14. TITLE:

Deputy Commissioner

15. DATE SUBMITTED:

March 28, 2002

16. RETURN TO:

Tennessee Department of Finance
and Administration
Bureau of TennCare
729 Church Street
Nashville, Tennessee 37247-6501

Attn: George Woods

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

March 28, 2002

18. DATE APPROVED:

June 26, 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2002

21. TYPED NAME:

Eugene A. Grasser

20. SIGNATURE OF REGIONAL OFFICIAL:

Eugene A. Grasser

22. TITLE: Associate Regional Administrator

Division of Medicaid and State Operations

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE TENNESSEEMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT
RATES - NURSING FACILITIES

8. For state fiscal periods commencing on or after July 1, 1999, and subject to the availability of sufficient county, state and federal funds based upon an executed intergovernmental transfer agreement and subsequent transfer of funds, qualifying Medicaid level II nursing facilities shall receive a Medicaid nursing facility level II disproportionate share payment (M2DSA) up to four (4) times each fiscal year.
- (a) To be eligible to receive a (M2DSA) payment, a facility must be:
 - (i) County owned, and
 - (ii) Medicaid Level I and Level II covered days, from the facility's most recently filed Medicaid Level I cost report, must be equal to or greater than 75% of total facility patient days, and
 - (iii) The facility must have more than 200 beds, and
 - (iv) The facility must be the largest provider of Medicaid days in its county.
 - (b) For all facilities participating in the Medicaid Program, the Department of Finance and Administration shall determine a maximum upper payment limit in accordance with 42 CFR 447.272.
 - (c) Subject to the availability of funds the Department of Finance and Administration shall establish a pool of funds from which a disproportionate share payment will be made to eligible nursing facilities as described in section (a) above. The amount of the pool cannot exceed the upper payment limit described in section (b) above.
 - (d) Using the most recently filed cost report for each facility described in section (a) above, the Department of Finance and Administration shall determine each facility's (M2DSA) percentage by dividing the facility's Medicaid Level II patient days by the total number of Medicaid Level II patient days for all facilities described in section (a) above.
 - (e) Each eligible facility's (M2DSA) shall be determined by multiplying its (M2DSA) percentage by the total disproportionate share pool described in section (c) above.
 - (f) The Department of Finance and Administration shall verify that the Medicaid Level II patient days used to determine each facility's (M2DSA) percentage in section (d) above are as accurate as possible at the time of the calculation.
 - (g) Should subsequent review of the Medicaid Level II patient days included in the calculation described in section (d) above determine that inaccurate counts were used, the Department of Finance and Administration shall make a correcting adjustment on each facility's next (M2DSA) payment.
- F. Cost Report Validation – Nursing facility cost reports submitted to the state in accordance with this Plan shall be desk reviewed prior to rate setting. In accordance with 42 CFR 447.253g, the state has provisions for field auditing of cost reports. A field audit will be designated when a desk review indicates it is necessary.

D1049259

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE TENNESSEEMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT
RATES - NURSING FACILITIES

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6. Supplementary payments from relatives or others are not allowed.
 7. The Tennessee Medicaid Program will pay to a provider of intermediate care services who furnishes in accordance with the requirements of this State Plan the amount determined for services furnished by the provider under the Plan.
 8. Effective October 1, 1990, payment rates to providers of intermediate care services will take into account the costs to be incurred in meeting the requirements of Section 1919 (b), other than paragraph (3)(F), (c) and (d).
 9. For state fiscal periods commencing on or after July 1, 1999, and subject to the availability of sufficient county, state and federal funds based upon an executed intergovernmental transfer agreement and subsequent transfer of funds, qualifying Medicaid level I nursing facilities shall receive a Medicaid nursing facility level I disproportionate share payment (MDSA) up to four (4) times each fiscal year.
 - (a) To be eligible to receive a (MDSA) payment, a facility must be:
 - (i) County owned, and
 - (ii) Medicaid Level I and Level II covered days, from the facility's most recently filed Medicaid Level I cost report, must be equal to or greater than 75% of total facility patient days, and
 - (iii) The facility must have more than 200 beds, and
 - (iv) The facility must be the largest provider of Medicaid days in its county.
 - (b) For all facilities participating in the Medicaid Program, the Department of Finance and Administration shall determine a maximum upper payment limit in accordance with 42 CFR 447.272.
 - (c) Subject to the availability of funds the Department of Finance and Administration shall establish a pool of funds from which a disproportionate share payment will be made to eligible nursing facilities as described in section (a) above. The amount of the pool cannot exceed the upper payment limit described in section (b) above.
 - (d) Using the most recently filed cost report for each facility described in section (a) above, the Department of Finance and Administration shall determine each facility's (MDSA) percentage by dividing the facility's Medicaid Level I patient days by the total number of Medicaid Level I patient days for all facilities described in section (a) above.
 - (e) Each eligible facility's (MDSA) shall be determined by multiplying its (MDSA) percentage by the total disproportionate share pool described in section (c) above.
 - (f) The Department of Finance and Administration shall verify that the Medicaid Level I patient days used to determine each facility's (MDSA) percentage in section (d) above are as accurate as possible at the time of the calculation.
 - (g) Should subsequent review of the Medicaid Level I patient days included in the calculation described in section (d) above determine that inaccurate counts were used, the Department of Finance and Administration shall make a correcting adjustment on each facility's next (MDSA) payment.

D1220167

TN No. 2002-2

Supersedes

TN No. 2000-4Approval Date JUN 26 2002Effective 1/1/2002